CC DO. 92-77

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FSI FIRSTELL SYSTEMS, INC.

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July 27, 1992

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The Honorable Alfred C. Sikes
Chairman
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

RE: CC Docket # 92-77 ("Billed Party Preference")

Dear Chairman Sikes:

I am writing you as a concerned citizen and business owner who is adamantly opposed to the above referenced proposal now pending before the FCC. This so-called "Billed Party Preference" proposal is merely a thinly-disguised attempt by the Baby-Bell telephone companies to consolidate control over the processing of operator-assisted telephone calls made from public and privately-owned payphones

Over the past decade, I have built a business by providing telephone equipment and services to a growing base of customers. Many of these customers are owners of payphones located on their premises. A major incentive to private payphone ownership is the income from commissions paid by the operator services providers serving their locations.

Without the incentive of commissions on operator-assisted phone calls, few of these payphone owners would have made the financial commitment to purchase a telephone. Their alternative would be to have their local telephone company install a payphone under the terms imposed by that telephone company.

Such restrictions would adversely affect the public's access to payphones at many business locations. Local telephone companies will only place their payphones at selected locations which have high caller traffic and which generate good income for them.

My concern is not merely hypothetical. Recently, New York Telephone (NYNEX) informed many business owners who have public payphones located on their premises that the status of their public payphones was being changed to semi-public service. In order to retain a New York Telephone payphone at their locations, these business owners would have to start paying as much as $60 per month in line charges; otherwise the payphones would be removed.

Since many of these phones are located in rural and suburban areas which depend on seasonal business, many of the business owners affected by New York Telephone's new policy have sought other ways to obtain payphones. A major factor in their choice of vendors is the ability to receive income from the commissions paid on operator-assisted phone calls.

This source of payphone revenue would be effectively eliminated by the BPP proposal, and would seriously undermine the economic incentives to purchase payphones in rural and suburban locations. This proposal can only benefit the local telephone companies, which now provide public and semi-public payphone services, by effectively reducing the number of business owners willing to purchase their own payphones from private vendors.

One criticism that is often leveled at the operator services provider companies is that phone calls processed by their operators cost the consumer more than comparable calls placed from many public payphones. But would the cost of calls remain lower if the Bell telephone companies were restored to a virtual monopoly over processing of operator-assisted phone calls? As we know from the aftermath of the divestiture of AT&T, such a monopoly seldom serves the best interests of consumers.

As a business owner and private citizen, I must express my concern whenever the interests of a group so powerful as the regional telephone companies goes unchallenged. It is in the best interests of consumers and small business owners alike to keep the competitive playing field level, and not to yield to the monopoly interests of the telephone companies. But we can only succeed if the FCC views with skepticism the self-interested claims to cost reduction advanced by the telephone companies in the BPP proposal.

It should be noted that even AT&T has joined in common cause with other operator service providers in opposing the BPP proposal. Clearly, it does not serve the public interest to permit the regional telephone companies to exert a strangle-hold over the OSP industry. After all, it was the deregulation of the telephone industry that stimulated market competition among vendors of payphones, and has opened the way for alternate operator services providers. Under existing regulations, the OSP companies provide valuable commission income to private payphone vendors and location owners, providing them with the financial incentive to invest in payphones, and without which there would be far fewer payphones available to the public.

In closing, I respectfully request your critical examination of the claim made by the regional telephone companies that the BPP proposal would provide consumers with operator-assisted calls at lower costs. I believe you will find that their claim is only a smokescreen to cover up the true intent, i.e. to restore the regional telephone companies to a monopolistic control of the U.S. payphone industry. Their selfish interests must be balanced against the benefits conveyed to the public through private payphone ownership, and through the commissions that offer the financial rewards which only competing operator services companies can provide. I am confident that the FCC will oppose this misguided and potentially damaging proposal.

Sincerely yours,

Edgar J. Lopez
President

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cc: The Honorable James H. Quello
The Honorable Sherrie Marshall
The Honorable Ervin S. Duggan
The Honorable Andrew C. Barrett
Mr. Gary Phillips, Common Carrier Bureau